

Message Text

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45

ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 AGR-05 IGA-02 L-03 SP-02 USIA-06

EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 PA-01 PRS-01 CIAE-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 /144 W

----- 044190

R 281130Z JUL 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 5577

INFO AMCONSUL ALEXANDRIA

USDOC WASHDC

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E.O. 11652: N/A

TAGS: ECON, EAGR, EG

SUBJECT: MINISTER OSMAN REPORTS TO PRIME MINISTER ON AGRIBUSINESS
INVESTMENT

REF: (A) CAIRO 6884 (NOTAL), (B) CAIRO 9004 (NOTAL)

1. ACCORDING PRESS REPORTS JULY 26, MINISTER OF HOUSING AND RECONSTRUCTION OSMAN HAS SUBMITTED REPORT TO PRIME MINISTER DEALING WITH AGRO-INDUSTRIAL PROJECTS ON NEWLY RECLAIMED LANDS. MINISTER'S REPORT, ACCORDING PRESS, TACKLED PROBLEM OF COORDINATION BETWEEN DIFFERENT GOE ORGANIZATIONS RESPONSIBLE FOR SUCH PROJECTS. IN THIS CONNECTION, REPORT PROPOSES ESTABLISHMENT OF FIVE-MEMBER COMMITTEE AUTHORIZED TO TAKE IMMEDIATE DECISIONS ON AGRICULTURAL AND LIVESTOCK PROJECTS AND PROBLEMS FACING THEM. MEMBERS OF NEW COMMITTEE WOULD INCLUDE MINISTER OF HOUSING AND RECONSTRUCTION (PRESUMABLY CHAIRMAN), MINISTER OF AGRICULTURE AND IRRIGATION, MINISTER OF ECONOMY, MINISTER OF STATE FOR AGRICULTURE AND SUDANESE AFFAIRS, MINISTER OF STATE FOR HOUSING AND RECONSTRUCTION, AND CHAIRMAN, LAND RECLAMATION AUTHORITY. COMMITTEE,
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ACCORDING OSMAN'S REPORT, EMPOWERED TO SIGN AGREEMENTS

AND ITS DECISIONS WOULD BE BINDING ON GOE.

2. OSMAN'S REPORT ALSO SEEKS GIVE COMMITTEE RESPONSIBILITY FOR STUDY OF AGRICULTURAL AND ECONOMIC PROJECTS BOTH EAST AND WEST OF SUEZ CANAL AND IN NORTH-WEST COASTAL REGION. COMMITTEE PROPOSAL WOULD INCLUDE RESPONSIBILITY TO STUDY LAND RECLAMATION AND CULTIVATION PROJECTS AND ARAB AND FOREIGN CAPITAL INVESTMENT OFFERS FOR ESTABLISHMENT OF AGRICULTURAL AND LIVESTOCK VENTURES.

3. COMMENT: COMMITTEE PROPOSED IN OSMAN'S REPORT IS DOUBTLESS SAME COMMITTEE MENTIONED TO AMBASSADOR LAST MAY (SEE REF A). OBVIOUSLY IT HAS NOT MATERIALIZED AS QUICKLY AS OSMAN ANTICIPATED. INDEED DESPITE MINSTATE FOR HOUSING HASSANEIN'S STATEMENT TO AMBASSADOR MONTH AGO THAT DECREE ESTABLISHING COMMITTEE WAS ON PRESIDENT'S DESK, ABOVE PRESS REPORTS SEEM INDICATE IDEA IS NOT YET AT THIS STAGE. OSMAN'S ACTIVITIES NEVERTHELESS ARE CLEARLY ENCOURAGED BY PRESIDENT SADAT. WE KNOW, FOR INSTANCE, THAT DURING RECENT MEETING WITH AGRIBUSINESS COUNCIL REP MUELLER (FOR FULL REPORT SEE SEPTTEL) PRESIDENT SADAT REFERRED TO OSMAN AS HIS DESIGNATED MAN TO GET THINGS MOVING IN AGRIBUSINESS SECTOR. SLOWNESS IN CONSTITUTING COMMITTEE PROBABLY DUE TO MINAGRICULTURE AND MINECONOMY FEARS OF OSMAN'S INTRUSION IN THEIR AREAS OF RESPONSIBILITY. OSMAN HAS ALREADY SHOWN HE READY RIDE ROUGH SHOD OVER RECENT PROPOSALS. ARIZONA LAND AND CATTLE PROPOSAL, IS ONE CASE IN POINT. OSMAN INSTRUCTED AZL TO DISREGARD MINAGRICULTURE ARRANGEMENTS AND CHANGE PROPOSAL TO INCLUDE TOTAL FINANCING INSTEAD OF PARTIAL FINANCING AS ARRANGED WITH MINAGRICULTURE. CHANGE ALSO SUPPOSEDLY INCLUDED SOME FURTHER CONCESSIONS TO AZL TO WHICH OSMAN APPARENTLY AGREED UNILATERALLY.

44. BY SUBMITTING HIS REPORT OSMAN HAS NOW PUT PROBLEM TO PRIME MINISTER. MINAGRICULTURE AND MINECONOMY ARE AT BEST TEPID ON OSMAN'S PLANS FOR USURPATION OF THEIR POWERS. TO EXTENT THAT OSMAN IS SUPPORTED BY PRESIDENT, AND IT APPEARS HE IS ACTING AT PRESIDENT'S INSTIGATION, OSMAN'S INITIATIVE MAY WELL PREVAIL. PRESIDENT SADAT HAS MADE IT CLEAR HE WANTS REAL PRIORITY IN AGRICULTURAL RECLAMATION AND AGRIBUSINESS SECTORS AND IS FRUSTRATED THAT EXISTING BUREAUCRACY LIMITED OFFICIAL USE

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HAS NOT BROUGHT ABOUT SUFFICIENT PROGRESS. IN THIS SITUATION HE HAS ASKED OSMAN TO TRY HIS HAND TO SEE WHAT CAN BE DONE AND OSMAN SEEMS TO BE RUNNING WITH THE BALL.
EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRIBUSINESS, AGRICULTURAL PROGRAMS, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO10090
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760291-1298
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760715/aaaaamnl.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AID
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 CAIRO 6884, 76 CAIRO 9004
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2004 by BoyleJA>; APPROVED <26 OCT 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MINISTER OSMAN REPORTS TO PRIME MINISTER ON AGRIBUSINESS INVESTMENT
TAGS: ECON, EAGR, EG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006